

Message Text

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PAGE 01 KUWAIT 03788 281423Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----066160 281426Z /72

O R 281334Z JUN 78
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC IMMEDIATE 1320
INFO AMEMBASSY ABU DHABI
AMEMBASSY CAIRO
AMEMBASSY DOHA
USMISSION GENEVA
AMEMBASSY JIDDA
AMEMBASSY LONDON

C O N F I D E N T I A L K A W A I T 3 7 8 8

EXDIS

DEPT PASS TREAS FOR ASST. SEC. BERGSTEN

STATE FOR NEA/ARP

E.O. 11652: GDS
TAGS: EAID, EFIN, PFOR, EG
SUBJECT: BERGSTEN-AL-HAMAD MEETING - ARAB AID TO EGYPT

REF: (A) STATE 163599 (NOTAL), (B) LONDON 10149 (NOTAL),
(C) STATE 162050 (NOTAL), (D) KUWAIT 3694 (NOTAL),
(E) KUWAIT 3443 (NOTAL), (F) KUWAIT 2197 (NOTAL),
(G) PARIS 19398 (NOTAL).

1. MESSAGE (REF A) FROM ASST. SEC. BERGSTEN PASSED TO KFAED
MANAGING DIRECTOR FAISAL AL-KHALED WHO LATER PASSED IT BY
PHONE TO AL-HAMAD MORNING JUNE 28. AL-HAMAD SAID HE WOULD BE
ARRIVING WASHINGTON AFTERNOON JUNE 29 AND WOULD CONTACT
BERGSTEN AFTER ARRIVAL.

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2. WE HOPE THAT AL-HAMAD - BERGSTEN MEETING AT SOME TIME
COMES OFF. HOWEVER, WE ARE CONCERNED THAT IN PURSUING THE
OBVIOUSLY IMPORTANT GOAL OF INCREASING CODE ASSISTANCE TO
EGYPT WE ARE GOING AT MATTERS THE WRONG WAY AROUND. A
FEW DAYS AGO AT SMALL DINNER PARTY SENIOR OFFICIAL OF
THE AMIR'S OFFICE, HIMSELF A MEMBER OF THE RULING FAMILY,
TOLD ME THAT FINANCE MINISTER ATEEQI HAD TOLD HIM A FEW

DAYS BEFORE THAT HE WAS "SHOCKED" THAT U.S. EMBASSY HAD RAISED WITH HIM SUBJECT OF GODE ASSISTANCE TO EGYPT, AS THIS WAS "PURELY AN INTER-ARAB MATTER." I POINTED OUT THAT ANY ASSISTANCE TO EGYPT WAS A MATTER FOR ALL DONORS, ESPECIALLY FOR US, SINCE CONGRESSIONAL APPROVAL OF OUR NEAR \$1 BILLION PER YEAR ASSISTANCE TO EGYPT WAS PARTLY A FUNCTION OF DEGREE TO WHICH OTHER DONORS WERE DOING THEIR SHARE. OFFICIAL ACCEPTED ARGUMENT THAT IT WAS IMPORTANT FOR DONORS TO KEEP IN TOUCH, BUT FACT THAT ATEEQI WAS REFERRING TO DEMARCHE WE HAD MADE TWO MONTHS BEFORE (REF F) SHOWS HOW LONG THE MATTER HAD RANKLED ATEEQI. IT CLEARLY INDICATES THAT WE WOULD BE ILL-ADVISED TO MAKE A DEMARCHE TO ATEEQI (RPT TO ATEEQI) IN SUPPORT OF MORE GODE ASSISTANCE TO EGYPT PRIOR TO REPORTED JULY 15 GODE MEETING (REF C). AL-HAMAD WILL LISTEN TO US, BUT, AS REPORTED REF E, HE AGREES WITH ATEEQI THAT IT IS REALLY THE EGYPTIANS, MORE THAN THE USG, WHO SHOULD BE TALKING TO HIM AND OTHER KEY ARAB AID OFFICIALS ABOUT DOING MORE FOR EGYPT. PERHAPS WE ARE READING TOO MUCH BETWEEN THE LINES, BUT REPORTING ON PARIS CG MEETING ON EGYPT (REF G) LEFT US WITH THE IMPRESSION THAT EGYPTIANS HAD PUT IN A LACKLUSTER PERFORMANCE, WITH IMF/IBRD AND OTHERS CARRYING MUCH OF THE BURDEN FOR THEM.

3. IN SHORT, WE THINK THAT EGYPTIAN AMBASSADOR GHORBAL
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HAS IT THE WRONG WAY AROUND. HE ASKS THAT USG MAKE A STRONG PITCH ON EGYPT'S BEHALF WITH GODE MEMBERS (REF C). IF THE EGYPTIANS HAVE DONE THEIR HOMEWORK AND ARE HAVING PROBLEMS WITH GODE, THEY SHOULD GIVE US THE DETAILS. IF NOT, WE SHOULD ENCOURAGE AND HELP THEM TO PUT THEIR OWN CASE MORE EFFECTIVELY TO THE GODE MEMBERS, BUT THEY SHOULD DO THE ASKING. IF WE ARE TO GET IN THE MIDDLE BETWEEN EGYPT AND GODE, IT IS NOT TOO MUCH TO ASK THAT THE EGYPTIANS KEEP US INFORMED ON WHAT DISCUSSIONS THEY HAVE HAD WITH GODE. WHAT INFORMATION WE HAVE LEAVES THE IMPRESSION (WITH GOK, AS WELL AS WITH US) THAT THE EGYPTIANS WANT US TO DO THEIR WORK FOR THEM. TREASURY AND EMBASSY HAVE HAD EXCELLENT RELATIONS WITH KUWAIT'S FINANCE MINISTER, BUT I BELIEVE WE CAN ONLY HARM THESE RELATIONS --AND NOT ADVANCE EGYPT'S CASE WITH GODE--BY PURSUING THE SUBJECT WITH ATEEQI AT THIS TIME.

4. AL-HAMAD, WHILE HE BASICALLY SHARES ATEEQI'S POINT OF VIEW, IS MUCH MORE AMENABLE TO DISCUSSION OF THE SUBJECT. HOWEVER, STRONGEST CASE BERGSTEN COULD MAKE WITH HIM WOULD BE CONVINCING EVIDENCE THAT EGYPTIANS ARE GETTING THEIR ACT

TOGETHER AND WILL SHORTLY BE TALKING WITH GODE DONORS.
SUTHERLAND

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